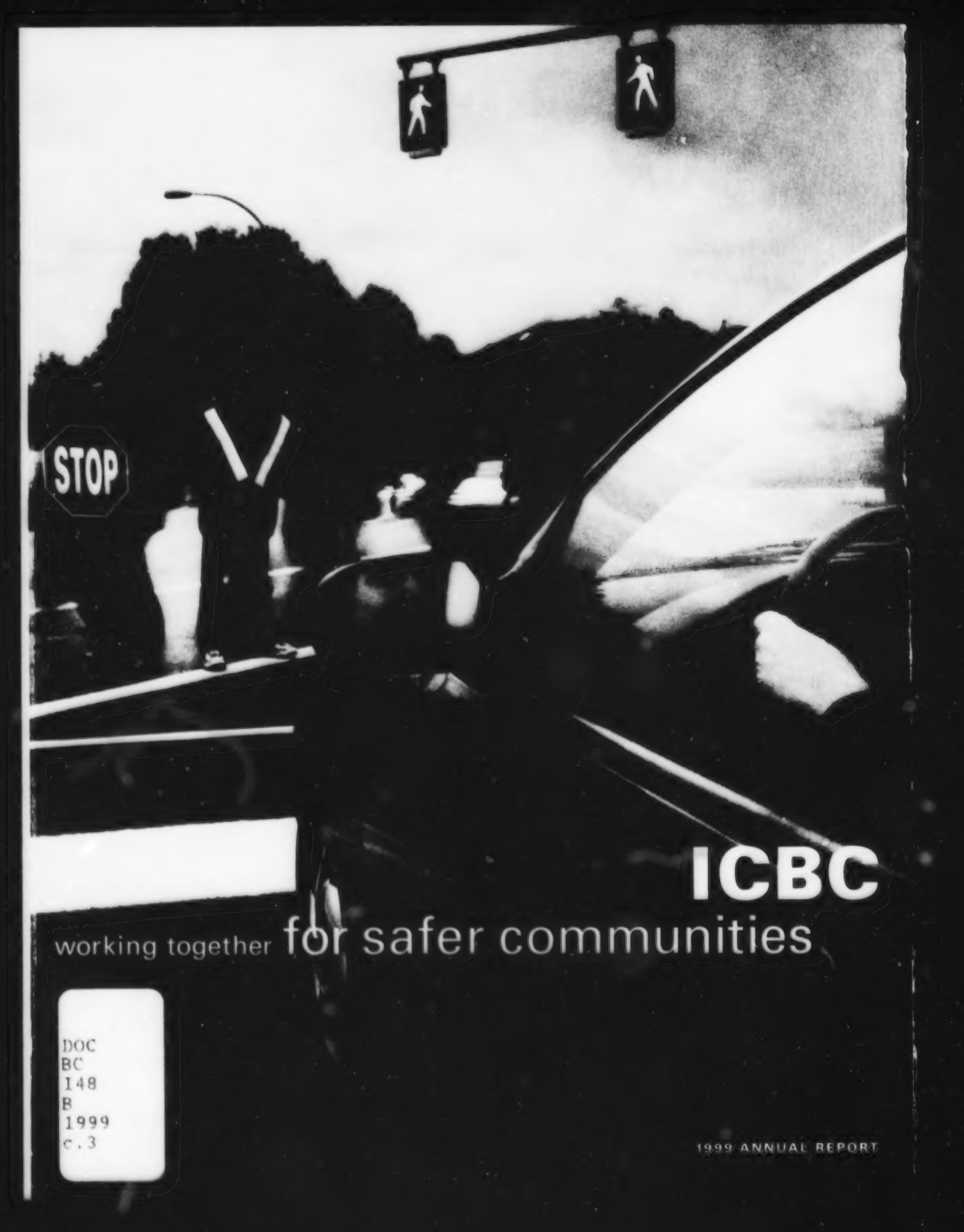




STOP

ICBC

working together for safer communities

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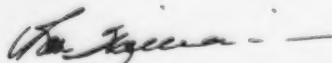
1999 ANNUAL REPORT

We are seen as many things to many different people: insurance company, road safety provider, licensing agency. But we are more than that. We are a significant social and economic contributor to communities across British Columbia.

We're community-based. Our employees work and live in small towns and large urban centres throughout the province. We add value on a personal level as well as corporate. From our employees giving each year to the United Way to our partnering with municipalities to improve intersections and road design, ICBC benefits the province in many ways.

ICBC targets a portion of our investment funds for community development projects and small business initiatives. A prime example of our socially and financially responsible investment strategy is the Surrey City Centre project. We are partnering with the City of Surrey to provide a campus for TechBC as well as new office and retail space. We are an information-based company and know the importance of technology training. For BC to diversify its economy and continue to grow, a well-trained technology sector is vital. We are helping with this vision.

On behalf of the Board of Directors, we look forward to continue working together with our stakeholders, business partners, and our customers to build a better British Columbia.

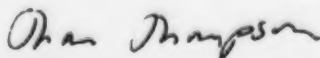


Robert Williams Chair, ICBC Board of Directors

ICBC stands at a critical point in its 26-year history as we begin the year 2000.

After several years of great change at ICBC – from merging the licensing functions in the province to regionalizing how our company operates – 1999 was a year of consolidation and rebuilding. We need to be ready because the marketplace is undergoing rapid change around us. Competitive pressures, technology advances and increasing customer expectations all mean we will have to stay ahead of the curve.

The past year had its share of wins. There was a decrease in death benefit claims reported to ICBC, resulting in fewer people dying in motor vehicle crashes in 1999. In financial terms, the cost of settling claims was lower than expected, we saw an increase in our premiums earned, and our investment portfolio had another strong year. We will continue our efforts in 2000 to convince drivers to exercise caution, courtesy and patience on BC's roads.



Thom Thompson President and CEO

Corporate Profile

The Insurance Corporation of British Columbia (ICBC) is a provincial Crown Corporation established in 1971 to provide universal auto insurance to BC motorists. In addition, the Corporation is responsible for all driver and vehicle-related services, including commercial vehicle compliance.

All motorists in BC are required to buy a basic package of ICBC Autoplan insurance that includes accident benefits, third-party legal liability protection and under-insured motorists protection. The Corporation competes with other carriers by offering extended third-party legal liability and other optional insurance coverage.

ICBC operates on a non-profit, break-even mandate. In setting premiums, we do not discriminate on the basis of age, sex or marital status. We collect insurance premiums from more than 3 million motorists and invest these premiums to provide insurance benefits for our customers and victims of crashes.

We work with communities and stakeholder groups to help them take responsibility for their road safety challenges. We also promote safe driving through a series of public education efforts under the umbrella name of Road Sense.

ICBC's mission is *helping British Columbians take the risk out of road and rail transportation*. We work toward that goal by providing effective and reliable auto insurance to all BC motorists and developing and implementing a wide range of road safety and auto crime programs.

President and CEO Thom Thompson and Board Chair Robert Williams. ICBC is responding to the needs of our policyholders. But we cannot act alone. All British Columbians have a role to play in road safety. We are building partnerships with the police, local governments and community groups to reduce crashes and auto crime.

Working Together

Regional Statistics



LOWER MAINLAND

North/Central Region

140,000 passenger vehicles
65 Autoplan brokers
1 Drivers Services Centre
9 ICBC Claim Centres

South/Interior Region

230,000 passenger vehicles
155 Autoplan brokers
3 Drivers Services Centres
8 ICBC Claim Centres

Vancouver Island Region

310,000 passenger vehicles
160 Autoplan brokers
3 Drivers Services Centres
8 ICBC Claim Centres

Fraser Valley

295,000 passenger vehicles
175 Autoplan brokers
4 Drivers Services Centres
6 ICBC Claim Centres

Greater Vancouver East

375,000 passenger vehicles
145 Autoplan brokers
5 Drivers Services Centres
7 ICBC Claim Centres

Greater Vancouver West

340,000 passenger vehicles
210 Autoplan brokers
4 Drivers Services Centres
8 ICBC Claim Centres

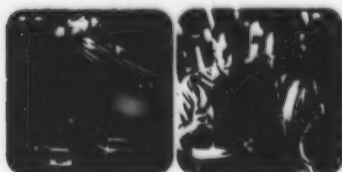
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VICTORIA, BC V8V 1X4

ICBC's move to a regionalized, customer-driven operation became a reality in 1998. Six new regions were established in 1998, with a goal to localize the decision-making process. From a community perspective, it makes sense that the people who live and work in the regions have the ability to manage local issues. Regional boundaries reflect both geography and vehicle and customer distribution.

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Through Drinking-Driving
CounterAttack's
increased number of
driver roadchecks,
BC motorists are getting
the message.

Beyond The Bottom Line



Year-end numbers from 1999 show ICBC's revenues exceeded expenses for the third consecutive year.

Net income was \$96 million, allowing us to increase our Rate Stabilization Reserve to \$381 million. ICBC's objective is to minimize premiums. The Rate Stabilization Reserve protects motorists from significant rate increases resulting from abnormally high losses in a given period.

Our goal is to maintain this reserve at between six and 10 per cent of our total liabilities or about 20 per cent of the year's claims. This is considered a prudent level since historically, claims have fluctuated as much as 15 per cent in an unusual year.

One of the corporation's principal sources of revenue is premium income. Premiums written at year-end were down slightly at \$2.38 billion, in

FIVE-YEAR COMPARISON FOR THE YEARS ENDED DECEMBER 31

	1999	1998	1997	1996	1995
Autoplan policies ¹	2,572,000	2,552,000	2,499,000	2,452,000	2,390,000
Premium income (\$000)	2,385,676	2,368,929	2,303,456	2,276,566	2,253,161
Licences and fines revenue (\$000)	423,348	435,558	410,249	—	—
Average premium (\$)	888	893	877	890	917
Claims reported during year	1,029,000	992,000	1,002,000	949,000	849,000
Cost of claims incurred					
Reported during year (\$000)	2,080,270	2,134,604	2,189,128	2,229,584	1,997,336
Prior years' claims development (\$000)	(238,200)	(219,456)	(163,205)	(104,108)	(30,028)
Total cost of claims incurred (\$000)	1,842,070	1,915,148	2,025,923	2,125,476	1,967,308
Expense ratio % ²	22	19	18	15	15
Investment income (\$000)	449,188	412,236	386,950	348,498	315,122
Investments at year end (\$000)	5,806,029	5,623,297	5,290,821	4,927,785	4,582,717
Unpaid claims (\$000)	3,970,298	3,959,129	3,782,720	3,666,062	3,387,868
Rate stabilization reserve (\$000)	381,001	285,278	211,813	197,828	338,037
Total assets (\$000)	5,945,610	5,984,391	5,650,216	5,295,697	4,955,761
Income (loss) before Road Safety Dividend (\$000)	95,723	120,465	13,985	(140,209)	59,751
Road Safety Dividend (\$000)	—	(47,000)	—	—	—
Net income (loss) for the year (\$000)	95,723	73,465	13,985	(140,209)	59,751
Average number of employees ³	5,798	5,144	4,607	4,160	3,923

¹ Annualized values have been used for policies with a term of less than 12 months. ² Expense ratio is based on expenses as a percentage of gross revenue. Commencing in 1997, the corporation assumed responsibilities for the administration of licences and fines as part of the merger with the provincial Motor Vehicle Branch and expanded efforts in traffic safety and claims mitigation programs. ³ Commencing in 1998, the average number of employees reflects the first full year of integration of Licensing and Commercial Vehicle operations.

Factors that have contributed to safer roads in 1999

→ In 1999, more than 5.5 million motorists went through Drinking-Driving CounterAttack roadchecks compared to two million in 1996. Through an increased number of driver roadchecks, public advertising and related educational programs, BC motorists are getting the message that impaired driving is wrong. In 1996, four motorists in 1,000 were charged with impaired driving or received a 24-hour roadside suspension when stopped at a roadcheck, while in 1999, the number fell to about two motorists in 1,000.

→ Intersection safety cameras became operational in 1999 and by December were in use in seven high-crash sites in the province. By the end of 2000, 30 red-light cameras are expected to be rotated among 120 high-crash locations.

→ Funding for road improvement projects throughout BC continued to be a priority in 1999. The Road Improvement Program is a cost-sharing partnership involving ICBC, the provincial government and municipal authorities. To qualify for funding under the program, a project must yield savings on ICBC's insurance claims costs at a rate of \$2 saved within two years for every \$1 ICBC spent. In fact, the average return has been considerably higher.

→ ICBC's Vehicle Safety Strategies department conducted 20 workshops throughout the province to train public health and safety personnel on the correct use of child and infant restraint systems. We know that the correct use of child safety seats can reduce the risk of serious injury or death by up to 80 per cent. In July of 1999, international safety experts met in Victoria to develop standards governing ease of use for infant and child restraint systems. Their recommendations formed the basis of a new ICBC consumer guide that was released in January, 2000.

→ Theft from auto and vandalism claims also continued to decline in 1999. Theft from auto fell 3.6 per cent from 1998 and vandalism fell by about one per cent. While there was an increase in the number of stolen vehicles, the latest theft numbers are still well below the 1996 levels when vehicle theft was out of control in British Columbia.

→ Through the summer of 1999, 140 youth hired through ICBC's Youth Employment Initiative (YEI) were out in force at various locations around BC. One highlight was YEI Road Sense squads at Lower Mainland ferry terminals helping promote vehicle and road safety information to people waiting in lineups. Another plus was an auto crime prevention initiative that saw students promoting vehicle safety in high-risk locations such as downtown Vancouver parking lots and in Stanley Park.

comparison to \$2.40 billion in 1998. The decline in premiums written can be attributed to increased discounts provided to good drivers through the RoadStar and RoadStar Gold programs. Claims and related costs were down marginally to \$2.12 billion from \$2.16 billion last year, due to ICBC's efforts in claims cost reductions as well as road safety initiatives.

We have been conservative in estimating the costs of claims and this vigilance has helped us stay in the black.

It's not all about the bottom line, however. Beyond the financial side of our business, we also have a responsibility to address the social and environmental costs of crashes as well.

Did Road Sense hit a road bump in 1999?

Our corporate goal to take the risk out of road transportation for all British Columbians had paid dividends in 1998. Claims were down by 10,000 from 1997 and over \$115 million in savings were passed on to motorists through 1999: a more than \$49 million Road Sense Dividend for BC's best drivers – on average about \$24 for 1.9 million motorists; a \$26 million reduction in optional collision, comprehensive and specified perils coverages, ranging from a few dollars to about \$100 per motorist, for a variety of makes and models of vehicles that had positive claims cost experience; and about \$40 million in additional savings through RoadStar Gold – an average of \$40 to \$70 for customers with long-term safe-driving records.

The year just passed did not have all the wins we were hoping would be achieved by the driving public. While death benefit claims reported to ICBC were down in 1999, claims volume increased over 1998, but mostly on the material damage, not bodily injury, side.

More work needs to be done. History and common sense have shown a strong correlation between weather and claims. A bad start to the year in terms of inclement weather never really ended, as records were set for rainfall and snow accumulations through the summer and fall in many parts of the province.

One area we are taking a closer look at is driver distraction. We know from police reports that driving without due care and attention is a leading cause of injury-producing crashes (just under 31 per cent in 1998, our most recent numbers). We also know that motorists are using cellular phones in increasing numbers. However, we have no available statistics showing how many crashes have occurred while drivers were talking on a cell phone.

In response, ICBC was among the first insurance companies to fund a research study into cell phone use in 1999, with results to be released in the Spring of 2000.

We know there is still more work that needs to be done. No matter how safely vehicles and roads are engineered, or how much traffic enforcement takes place, it's still driver error that's the single biggest contributing factor in a crash (police reports show human action or condition is a factor in just over 85 per cent of crashes). It doesn't mean Road Sense isn't working. We need to continue building awareness of prevention, protection and recovery. Road safety and loss prevention will continue to be our main focus for the future.

We're optimistic that some of the changes brought forward in 1999 will pay greater dividends in the future. Our ultimate goal is to continue helping British Columbians reduce preventable crashes and injuries to zero.

Canadians demand
more from their
corporations than most
people, and expect
businesses to help
build better communities.

Investing In Our Communities



The bottom line isn't just about numbers.

We know that Canadians are demanding more from their corporations than most people, expecting businesses to place a high value on building a better community.

A recent international poll in 23 countries showed that almost one out of every two Canadians (43 per cent) said they believed corporations should be responsible for setting "higher ethical standards and helping build a better society for all" (Enviro-nics International).

Only Australia had higher expectations of corporate responsibility at 45 per cent. The U.S. was 35 per cent.

Corporations that show poor social responsibility have been punished in the past by consumers.

ICBC's contribution to the province can be defined as the corporation's overall commitment and investment in the economic and social well-being of British Columbians. While our initiatives are undertaken for sound financial and operational reasons, they must also be viewed in terms of their economic and social value from the point of view of our customers, communities and the province.

The public expects more from ICBC than auto insurance and claims handling. We're expected to

work hard to stop crashes before they happen.

On average, one person is injured every 11 minutes in a motor vehicle crash in BC.

It's difficult to calculate the dollars involved in auto crashes. We know that crashes are costing communities in the millions of dollars annually. That means considerable resources are used up because of vehicle crashes.

If British Columbia motorists can help us prevent more crashes and eliminate some of the costs, communities would have the financial resources for other things, ranging from building schools to reducing waiting lists at hospitals. But more important than dollars: preventing crashes helps us save lives.

Our desire to be socially responsible is reflected in the corporation's efforts to reduce crashes, save lives, fight auto crime and fraud and keep auto insurance rates affordable.

ICBC's investments in community road safety and auto crime prevention programs are unmatched in the Canadian insurance industry. We are able to do this while in the fourth year of a rate freeze. Our insurance rates are close to and in many cases lower than the premiums many motorists pay today under private insurance in Ontario and Alberta.

Adding value where we work and live

Here are some examples of the value we add, in addition to our road safety programs, to hundreds of municipalities, communities and neighbourhoods throughout the province.

→ This year we spent over \$2 billion in claims and related costs, a significant percentage of which went to pay for services provided by BC businesses such as auto repair shops, glass shops, towing companies, doctors, lawyers and physiotherapists.

→ As a corporation, our policy is to spend locally wherever possible. This means investing in British Columbia and British Columbians. And starting this year, a portion of our investment funds has been earmarked for targeted community development projects in high-tech and industrial manufacturing.

Unlike the private sector, our public auto insurance system ensures all licensed motorists get access to insurance coverage based on their driving record, not their age, sex or marital status.

It starts on the job. ICBC is the largest Crown Corporation in BC in terms of total revenues.

Our skilled work-force is one of our strongest assets. We employ close to 5,800 people at 46 claims centres, 20 Driver Services Centres, an administration office in North Vancouver, regional offices, litigation and rehabilitation centres, salvage operations, weigh scales, and in many other specialized services.

Also indirectly affiliated with ICBC are the approximately 5,000 insurance brokers at over 900 Autoplan offices and the 2,000 automotive repair

specialists that work at more than 400 accredited collision repair shops.

With ICBC's new regional structure, we are helping deliver services to our customers in their own communities. By working hard to decentralize our operations and implement the new regional structure, ICBC is closer to the people we serve – our customers. The decentralized model allows us to provide services that are community-based as well as integrated. A customer now can go to one person in his or her community if there is a problem with any area of our business.

This allows better community planning to ensure all lines of business are working together.

Everything we do is measured by its impact on customer service. Good customer service is not an option, it's a necessity. To serve the customer better, in 1999 we expanded to "24/7" claims handling service. This means a policyholder can call a toll-free number anywhere in the province 24 hours a day, seven days a week to report a claim.

At ICBC, we have a dedicated workforce, many of whom have been with the corporation since its creation in 1973. They are real people providing solutions to real problems.

ICBC's employees also make a significant contribution to the province. The most high-profile employee-giving program at ICBC is the United Way Campaign. The generosity of ICBC employees put us in the top three corporate contributors in the province last year, with more than \$483,000 raised in 1999 – \$110,000 or 31 per cent above 1998's total. The theme was *Building Communities and Regions Together – The United Way* – a theme that ICBC shares and believes in. Including corporate contributions, more than \$530,000 was raised in 1999.



Frank Van Nynatten (left), a Senior Roads Technician in the City of Chilliwack's Engineering Department, sees real benefits to his municipality's cost-sharing partnership with ICBC. As part of the 1999 Road Improvement Program, ICBC invested \$50,000 to enlarge existing traffic lights and install highly visible backboards for secondary traffic signals in Chilliwack. "Without ICBC, it would have taken up to five years for the city to complete the signal upgrade," says Van Nynatten, seen here with City Councillor Chuck Stam at the corner of Airport and Yale Road. "It's money well spent on prevention," adds Stam. "We have a safer community and ICBC is able to keep its premiums affordable. It benefits everyone." The return on the Chilliwack project will take several years to assess, but similar projects in other municipalities have resulted in significant claims cost savings.

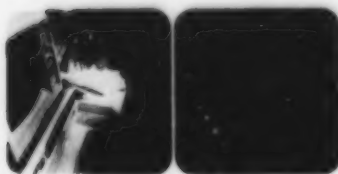
signalling improvements



With partners TechBC and ICBC, Surrey is now on its way to building a city centre that will provide new opportunities for growth, expansion and investment, says **Mayor Doug McCallum**. "Surrey City Centre is the catalyst that can make us the largest corporate hub in the Lower Mainland outside of Vancouver," he says. "Surrey is already one of the fastest-growing cities in Canada, and this project will ensure we provide a downtown core for our residents as well as for corporations, shops and institutions." Providing enhanced civic amenities – including a library, performing arts centre and seniors' centre in a central location – has been a priority for McCallum, city council and planners for years. "With ICBC and TechBC, we now have the opportunity to stimulate a high-tech and knowledge-based economy," he concludes. "It will be a true centre of excellence."

building new ideas

Looking To The Future



Investing for the betterment of BC. Like all insurance companies, ICBC invests premium dollars until they are required to pay claims, in order to partially offset the cost of settling those claims. ICBC's current investment portfolio stands at around \$5.6 billion. The corporation also invests annually in maintaining and improving our facilities and equipment.

The investment portfolio is held on behalf of all British Columbia policyholders to ensure we have sufficient funds to cover unpaid injury and property claims.

Investing in BC communities and institutions for the betterment of the province has been a mandate of the corporation since ICBC was founded more than 25 years ago.

A portion of our investment funds goes toward community development projects, and small business and community enterprise initiatives. Putting some of the corporation's investment funds in BC benefits all British Columbians, including our policyholders.

Examples in 1999 include investment in the community-based Four Corners Bank in Vancouver's Downtown Eastside, which offers banking services oriented to the low-income residents of the area.

ICBC's goal is to invest 12.5 per cent of our total portfolio in BC by the end of 2000.

Investing in education. The Surrey City Centre project is a prime example of our focus on socially responsible investments and community partnerships – making it possible for TechBC to establish a campus in a cost-effective way in concert with a shopping centre, office towers, library, theatre and seniors' facilities.

TechBC, aimed at the advanced technologies industry, is expected to draw 3,000 students as well as business and industry leaders from throughout BC and around the world.

Overall, the Surrey City Centre is a 30-acre development at the existing Surrey Place Mall and recreation centre. The project provides for the development of more than eight million square feet of office space over several phases in the next decade.

In September 1999, President and CEO Thom Thompson announced ICBC's acquisition of the Surrey Place Mall from Cambridge Leaseholds Inc. for a purchase price of \$40 million.

The mall, the ninth-largest shopping centre in Greater Vancouver, increases ICBC's real estate holdings as a percentage of assets in the investment portfolio from .2 to approximately one per cent.

ICBC contributed almost \$800,000 to community groups in 1999 to help implement programs and initiatives preventing or reducing car thefts and vandalism.



For Chief Ervin Charleyboy, 1999 saw the fulfillment of nine years of hard work and lobbying. The Punky Lake Wilderness Camp Society in the Williams Lake area of central BC is now on its way to becoming a leader in the fields of aboriginal crime prevention and youth intervention—thanks in large part to funding through ICBC's Auto Crime Prevention Grant program. "We knew we had to develop a local vision to address the root issues leading up to youth committing crimes," says Chief Charleyboy of the Tsilhqot'in First Nation. The camp facility on Puntutlaenkut Lake is for youth who have been involved in or are at risk of criminal activity. "Its purpose is to provide a safe place for these youth to face themselves, their issues and the choices they are making in their lives." With auto theft down from years past, it's paying off. "Funding auto crime prevention programs is the best investment ICBC can make."

finding a better path



Don Ungaro, owner of Southern Insurance Services (1988) Ltd. in Kelowna, is an enthusiastic participant in the RoadSense Team, an ICBC-broker partnership helping reduce the risk of road transportation. Ungaro, with two sons already driving and a daughter two years away, knows the importance of getting the message out. "For brokers, we need to get involved to make this RoadSense Team partnership work," he says. "But most importantly, I really believe we have to target the kids, help mold them before they get too set in their ways." Ungaro, active in the local brokers' association, the business community and his church, says he has seen the gains made in making impaired driving socially unacceptable. "The work done in recent years to make kids aware of the dangers of drinking and driving has been encouraging," he points out. "If we target the young drivers to use their Road Sense, I know we can have an impact."

going the extra mile

Helping British Columbians



Helping take the risk out of road transportation for all British Columbians is our mission as a company. The key phrase is helping British Columbians ... because we can't do it alone.

That's where our stakeholders and business partners – and that includes other levels of government, the auto-repair industry, the brokers who sell our products, the police, medical and legal communities and most importantly, the citizens of BC – come in.

Our Autoplan Partners. ICBC's partnership with its Autoplan brokers – the people who sell our Autoplan product and handle the millions of insurance transactions that take place each year – is one of the corporation's most enduring.

The past year marked the 25th anniversary of ICBC's partnership with independent auto insurance brokers in the province. The first Autoplan policy was sold on March 1, 1974.

Today, there are more than 900 Autoplan brokers' offices scattered in towns and cities throughout the province.

Cementing the 25-year working relationship between ICBC and brokers was a Strategic Accord first proposed in 1997. The agreement – signed by ICBC, the Insurance Brokers Association of BC and

the Credit Union Insurance Services Association in January 1998 – guarantees brokers as the sole distributor of Autoplan for five years.

It was also a commitment for the corporation to work with small business people in the province and help maintain local jobs and build expertise at a community level.

RoadSense Team. A key component in the Accord was the creation of the RoadSense Team that ensures both parties share funding for community organizations that are willing and able to contribute to our road safety mission in some way. As motor vehicle crashes are one of the leading causes of injury and death for teenagers, the partnership is focusing its combined resources on reducing the risk of road transportation for this high-risk group.

The RoadSense Team has launched eight programs to date, with secondary school scholarships scheduled for early 2000. These programs have been created to provide BC's Autoplan brokers with a unique set of tools for promoting road safety in communities throughout BC.

One example of this partnership in action is the alternative transportation program *Way to Go!* that encourages students to get to school safely in groups – on foot – rather than with their parents

circling the block in cars looking for a place to park. By December 1999 – the first full year the program was funded through the RoadSense Team – more than 500 elementary and middle schools in the province had requested the program resource kit.

Road improvement paves the way. Another example of a successful partnership is the Road Improvement Program, where we team up with the Ministry of Transportation and Highways and local municipal traffic engineers to identify and improve high-crash locations.

We are leading North America, if not the world, in the way we are dealing with the infrastructure side of road safety.

Most road safety programs are aimed at either drivers or vehicles, but ICBC is also taking a very close look at the impact infrastructure has on crashes.

In partnership with provincial and civic road authorities, we initially help identify, study and improve collision-prone locations. If the project is considered viable, we share retrofitting costs. One good example is a collision-prone location in Vancouver that experienced 42 collisions a year. Through the addition of another signal head on the side of the road with a reflective backboard, collisions were reduced by half the first year the project was completed.

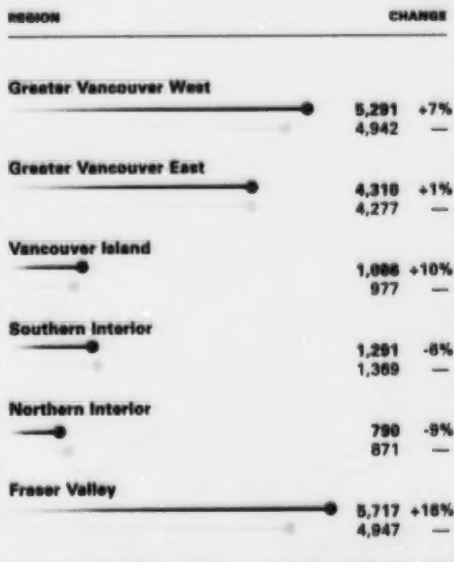
We have a proactive approach to road safety. Our "safety-conscious" planning strategy ensures that safety is an explicit priority in land use and transportation planning to prevent unsafe situations developing in the first place.

With the Road Improvement Program, we do very small things that either provide guidance for

drivers or eliminate confusion at signals. We prepare for what we call a forgiving highway, so if a driver for some reason makes a mistake, there is enough of a safety cushion to prevent the collision occurring or reduce its severity.

Recently we were approached by State Farm Insurance – one of the largest insurers in North America – to talk to us about our road improvement program. We were also featured in a recent *NBC Dateline* primetime news program highlighting our work in road improvement.

Regional breakdown of theft of auto claims



* The Greater Vancouver West region includes the City of Vancouver, the North Shore and Squamish. The Greater Vancouver East region includes Richmond, Burnaby, New Westminster, the Tri-Cities and Maple Ridge. The Fraser Valley region includes Surrey, Langley, Abbotsford and Chilliwack.

Putting the brakes on auto crime. ICBC is working with the police, community groups and the public to put the brakes on auto crime.

Auto theft and fraud are costing each ICBC Autoplan policyholder hundreds of dollars annually. Theft from auto and vandalism claims continued to decline in 1999. Theft from auto fell 3.6 per cent from 1998 and vandalism fell by about one per cent. While there was an increase in the number of stolen vehicles the latest theft numbers are still well below the 1996 levels when vehicle theft was out of control in BC.

Through advertising and the use of youths employed by ICBC during the summer, BC drivers are taught how to make their parked vehicles less attractive to those who may break into vehicles to steal their contents.

ICBC contributed close to \$800,000 in 1999 to community groups to implement programs preventing or reducing car thefts and vandalism.

One success story has been in Williams Lake, which until recently was the auto crime capital of BC. A tremendous effort by the local police, community groups and ICBC has resulted in a drastic reduction in auto thefts for the area. Local native communities became involved and the result is the Punky Lake Wilderness Camp Society, for youth who have been involved in criminal activity or are at high risk of getting involved in that lifestyle. The society's purpose is to provide a safe place for these youth to face themselves, their issues and the choices they are making in their lives.

The community has become mobilized as never before with natives and non-natives coordinating efforts and experiencing much healthier relations than previously.

Starting in 1998 and continuing through 1999, the Williams Lake area has seen a phenomenal drop in auto crime – approximately 70 per cent over three years. The efforts of the community were recognized through a Canadian Automobile Theft Bureau award of merit.

The Courtlink Auto Crime Prevention program is also getting praise from everyone involved. The Law Courts Education Society, with funding from ICBC, has put together an innovative educational program for youth. Students in school districts from Vancouver to Prince George go on a one-day visit to their local courthouse to see the consequences of auto crime for victims, the courts, the accused and society. The program provides an opportunity for students to be exposed first-hand to the civil and criminal consequences of auto crime.

Another successful community partnership in 1999 took place in the Mission Forest District with an ICBC grant paying for the staffing of a guardhouse. The Mission project helped reduce auto crime in the area, identify those responsible for auto theft and reduce the risk of forest fires from the disposal of stolen cars.

CounterAttack campaign leads North America in 1999. ICBC, the Attorney General's Ministry and provincial police teamed up to make the province's 1999 CounterAttack campaign the most intensive yet. With more than 8,200 road-checks in 1999, impaired drivers were more likely to encounter police in BC this past year than anywhere else in North America.

It will be nearly a year before claims data settle sufficiently to assess the effect the 1999 campaign had on alcohol-related crash claims. Evaluations of past years' campaigns show a



For Gordon and Marjorie Bell, road safety has always been a partnership. The Bells worked together for 18 years to make Nanaimo's roads safer after their son David had his life cut short by an impaired driver in 1983. ICBC recognized their efforts with a 1999 Lisa Nemetz Memorial Award. In September, Marjorie suddenly and unexpectedly passed away. "We were shocked and devastated," Gordon says in memory of his life partner for 51 years. "Marj was a lively, sensible, reliable and compassionate person who spent countless hours as an active volunteer worker in the community as well as being a very supportive mother of four and grandmother of two." Before her death, they agreed – "as we did on most everything," Gordon adds – the award money would be donated to Rid Roads of Impaired Drivers (RRID), a traffic safety organization that she named and helped found.

healing through helping

20 to 30 per cent reduction in alcohol-related crashes when police conduct roadchecks in high traffic-volume locations. In 1999, there were more police hours, more roadchecks and more vehicles screened than any previous year.

Gordon and Marjorie Bell of Nanaimo are an example of two British Columbians whose lives were changed forever by an impaired driver. Their 29-year-old son, while riding his bike, was hit and killed by an impaired driver in 1983. Since then, the Bells worked tirelessly to make the roads and highways of Vancouver Island safer for everyone.

Marjorie Bell passed away suddenly in September 1999. Her work in road safety has been an inspiration to many. She helped set up a local chapter of Mothers Against Drinking Drivers (MADD) in 1985. When Nanaimo's chapter of MADD was officially launched in 1989, she was a founding director. Following the branch's closure in 1992, she became actively involved in creating a new grassroots volunteer traffic safety organization, Rid Roads of Impaired Drivers (RRID). She will be missed by all who knew her. Gordon vows to continue their road safety work despite the

Lisa Nemetz

The Bells were Lisa Nemetz award winners in 1999 for the Vancouver Island region. ICBC received 28 nominations from six different regions around the province. The award is in tribute to **Lisa Nemetz**, an ICBC Board member who passed away two years ago. It recognizes individuals and groups for their efforts to improve road safety in their communities. Each winner receives a commemorative plaque and \$1,000. The 1999 award recipients were:

Lynn Robb (North Vancouver – Greater Vancouver West region).

Robb is a volunteer who has put hundreds of hours into serving her community. Working with the Edgemont Community Policing Centre, Robb was involved in setting up a local Speed Watch, conducting home security checks and providing a helping hand with the *Lock Out Auto Crime* program.

RCMP Constable Chris Hazlewood (Hope – Fraser Valley region).

Constable Hazlewood is an 18-year veteran with the RCMP, currently with the force's Hope Highway Patrol. Besides his normal police duties, he has been a strong supporter of road safety. He has worked closely with Hope Senior Secondary School, helping coordinate a long list of programs as well as volunteering many hours.

RCMP Corporal Doug Ferguson (Burnaby – Greater Vancouver East region).

A member of the Burnaby RCMP's traffic detachment, Ferguson is one of 28 officers trained in a drug recognition program in 1995. He has gone on to be a leader in promoting and making this type of training available for police across the province, a standard that sets BC police officers ahead of their peers.

Jerry McCrae (Vernon – Southern Interior region). A crime prevention officer in Vernon over the past eight years, McCrae helped organize the city's Speed Watch program, Yellow Ribbon Campaign, Community Bike Helmet Collaborative, and a variety of other initiatives.

The McBride Secondary School CounterAttack student group (Village of McBride – North/Central region). Under the leadership of teacher Jane Blouin, these students volunteered their time for a variety of projects, including seatbelt checks, promoting safe driving, and speed checks with the RCMP.

devastating loss of his wife of 51 years. The efforts of the Bells have made a difference in their community and, undoubtedly, helped save lives.

Other partnerships rev up. The corporation also works closely with other stakeholder groups and business partners to improve its products and enhance customer service.

The Automotive Retailers Association – with more than 1,600 members – is the recognized body for the automotive repair and aftermarket industry. Its membership includes collision repair shops, mechanical repair shops, automotive glass shops, independent automobile dealers, towing companies, automotive recyclers and rental car businesses.

ICBC and the A.R.A. have worked in the past to set up the highly successful c.a.r. shop accreditation program that benefits customers through improved service and assured quality parts.

In 1999, the two organizations signed a two-year agreement to explore and design strategies to support mutual customer service objectives.

Investing in prevention. We continue to work closely with health-care specialists, disabled people's advocacy groups and other partners in the rehabilitation field, with the goal of helping people who have suffered disabling injuries to rebuild productive lives.

In 1999, we co-sponsored the Whiplash-Associated Disorders Congress in Vancouver, a major world conference on the treatment of whiplash injuries. The conference drew more than 800 delegates with a wide range of professional backgrounds from North America and around the world to discuss crash-related soft-tissue neck and back injuries. The Congress highlighted the international nature of the problem.

We also contributed \$100,000 to assist a British Columbia-based medical research foundation in a fight to help prevent and mitigate pain and suffering associated with soft-tissue or whiplash injuries. The Physical Medicine Research Foundation is a collaboration of health-care professionals, researchers, engineers and consumers dedicated to improving the quality and effectiveness of care for people with musculo-skeletal pain.

ICBC supports innovative approaches to protecting British Columbians from the pain and cost of injuries.

Finding ways to make better neighbours. Building on our many partnerships with multicultural groups helps us create more awareness for our road safety initiatives as well as provides better customer service.

In 1999, we partnered with the Tsleil-Waututh nation to slow down drivers along a dangerous stretch of highway through the Burrard Reserve on the Lower Mainland's North Shore.

Two new billboards were erected along the road reminding drivers to slow down and watch for pedestrians. Vehicles are regularly clocked at speeds in excess of 80 km/h along this stretch of road. The billboards, with pictures of children, encourage motorists to *please slow down and respect our most precious heritage.*

The corporation was recognized for its multicultural efforts when it received a Cultural Diversity Award for Business in 1999 from the Surrey Delta Immigrant Services Society.

ICBC's diverse workforce and its efforts to serve customers of many ethnic backgrounds were key considerations in the award. ICBC employees with second languages often help customers with

Dianne Robertson, an Occupational Therapist with Robertson Rehabilitation Inc. based in Vernon, sees many patients with disabilities as a result of motor vehicle crashes, with injuries ranging from minor to catastrophic. "Effective rehabilitation requires compassion," says Robertson, who has provided rehabilitation services in the area for seven years after graduating from the University of Alberta in 1992. "We have to recognize the patient's suffering of course, but we also have to stay objective so we can apply our skills and expertise." Robertson believes showing that you care is the first step in a therapeutic relationship; the next step is developing a program focused on helping the patient recover and return to as normal life as possible. "As a rehab expert, we have to support our patients but also help them move forward as they face the challenges of overcoming injuries."

helping people recover

information on settling claims and other issues. Employees also volunteer to provide information at community and road safety events.

New drivers graduating to better skills in 1999.

After more than a full year of implementation, Graduated Licensing is starting to have an impact on the driving skills of new drivers. About 110,000 new motorists are learning the complex task of driving under BC's new Graduated Licensing Program since GLP was introduced in August 1998.

Graduated licensing was introduced in BC as part of the province's comprehensive road safety program to help save lives, reduce crashes and keep auto insurance rates affordable. New drivers are of all ages, but about three-quarters are under 19 years old. With graduated licensing, new drivers are given more time to become responsible road users in a lower-risk, more-controlled environment.

New drivers have to pass a Level 1 road test at the end of the Learner stage of the GLP to ensure they have the vehicle-handling skills to drive unsupervised. Upon reaching the Novice stage, new drivers then have at least 18 more months to gain the necessary experience and develop advanced skills. The Level 2 road test – developed and tested in 1999 – assesses these skills at the exit point of the GLP to ensure drivers attaining full driver's licences are prepared sufficiently for complex, modern driving. It is one of only two Level 2 tests in Canada (Ontario has the other).

An international forum on driver testing hosted by ICBC in March 1999 confirmed that BC's Level 2 road test represented the most current thinking on testing the novice driver. In August and September 1999, ICBC recruited about 550 volunteer drivers as test subjects. By using drivers with a wide range

of driving abilities and then analyzing their scores after the test, ICBC was able to determine that the Level 2 road test clearly distinguished between skilled and unskilled drivers.

While it is too early to assess the effects of BC's program, since no drivers have completed GLP, we know that in Ontario – where graduated licensing has been in effect since 1994 – there was a 31 per cent reduction in crashes for novice drivers. The new Level 2 road test went into effect January 2000. This means that for the first time in the province, those seeking a Class 5 or 6 driver's licence will have to pass two road tests.

Regional focus takes shape in 1999. To get closer to the communities we work with, we've established a regional structure in 1999 that localizes the decision-making process.

This is part of our customer-service focus. We have set up a new structure divided into six regions, with local decision-making that allows us to work more closely with our customers, by listening to their needs and tailoring our solutions to the individual regions we live and work in. Our new regional structure at ICBC will help ICBC become more of a customer-focused, community-based organization.

Each of the new regions will be run like a business. ICBC will be present and visible in the various communities, listening to local concerns and responding accordingly.

Community partnerships key to success. ICBC belongs to the people of British Columbia. Any profit is used to help keep premiums affordable. Helping take the risk out of road transportation is not just ICBC's problem, it's everyone's. To succeed in the future we will continue to seek strong, committed community partnerships.



Constable Chris Hazlewood has seen first hand what can result from one bad decision by an inexperienced driver. As a police officer for 18 years, and on Hope Highway Patrol for the last six, Cst. Hazlewood knows the importance of getting the message out to young drivers about road safety. "I've been a volunteer school liaison member with the local high school here for four years," he says. "I feel strongly it's important to let these kids know about the consequences of drinking and driving." His volunteer work is extensive, from enlisting the help of public speakers to talk about road safety, to recreating a fatal accident so students could see - and hear - what's involved from the police through the ambulance crews to the coroner. "I have seen what can happen on the job when kids make a wrong decision. That's why it's so important we get the message out to them now."

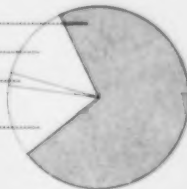
providing hope for the future

Financial Highlights

OPERATIONS

(\$ MILLIONS)

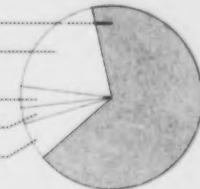
Vehicle premiums earned	2,384
Investment income	449
Driver premiums earned	22
Licences and fines on behalf of the Province	423
Total Revenues	3,258



INVESTMENT PORTFOLIO

(\$ MILLIONS)

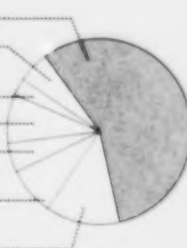
Unpaid injury claims	3,758
Unearned premiums	1,100
Unpaid property damage claims	212
Other net liabilities	155
Rate stabilization reserve	381
Total investment portfolio fund	5,606



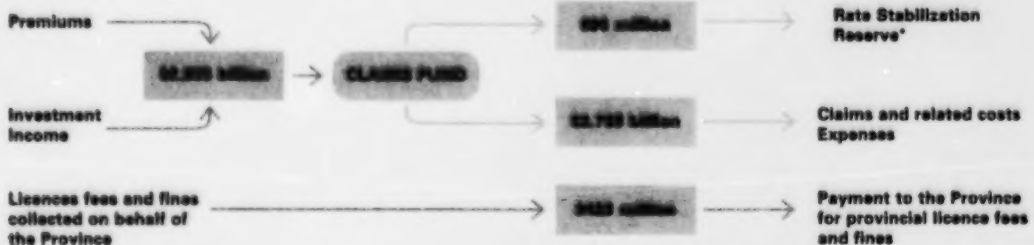
WHERE THE MONEY WENT

(\$ MILLIONS)

Claims incurred	1,842
Administrative and other	182
Net income (Rate stabilization reserve)	96
Claims services	275
Other lines of business	188
Commissions and premium taxes	272
Provincial licences and fines to the Province	423
Total	3,258



WHERE THE 1999 DOLLARS CAME FROM AND WHERE THEY WENT



*Our goal is to maintain the Rate Stabilization Reserve at about six to 10 per cent of our total liabilities.

Financial Highlights and Performance Report

For 1999 the corporation realized a net income of \$96 million despite our four year rate freeze. This is due to slightly higher premiums earned, lower claims costs and higher investment income.

Premiums are holding steady despite significant discounts provided to good drivers through the RoadStar and RoadStar Gold programs. Our competitive rates are resulting in our customers buying more extended liability and optional coverage insurance.

Total revenues were up for the year. ICBC took in a total of \$3.26 billion in revenues, consisting of \$2.39 billion in driver and vehicle premiums, \$449 million in investment income and \$423 million in licence fees and fines collected on behalf of the Province.

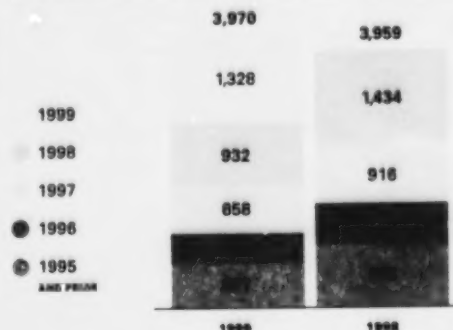
AUTOPLAN CLAIMS INCURRED* (\$ MILLIONS) %

Bodily injury		
	652	48
	960	50
Accident benefits		
	159	9
	133	7
Total injury-related claims		
	1,011	55
	1,093	57
Property damage		
	258	14
	277	15
Collision		
	277	15
	273	14
Comprehensive and other		
	296	16
	272	14
Total property-related claims		
	831	45
	822	43
TOTAL CLAIMS		
	1,842	100
	1,915	100

■ 1999 ■ 1998

* including development of prior years claims

FUNDS RESERVED FOR UNPAID CLAIMS BY YEAR (\$ MILLIONS)



The provision for unpaid claims is carried on an undiscounted basis and includes an estimate for reported and unpaid claims and expenses based on the claim settlement experience of the Corporation, current trends and a detailed regular review and update. Also included is an estimate for claims incurred but not reported in the year.

The decline in claims costs resulted from a combination of three factors. There was an increase in the number of claims, however, the average cost of each claim was lower. As well, the expected cost of settling prior years' claims is lower, resulting in a significant downward adjustment. The reduction in average claims cost can be partly attributed to improvements in our claims handling practices. These include improvements in our injury management practices, the Enhanced Claims Handling program, and Automated Estimating. These have helped to manage the average claims payment.

Claims and related costs take up the majority of premium revenues. On average, over the last five years, 95 percent of premiums earned went to pay for claims and related costs.

ICBC maintains reserves to ensure that there are sufficient funds available to pay claims, and to protect the financial and operational stability of the Corporation. The two main funds are the Claims Fund, which exists to cover outstanding claims, and the Rate Stabilization Reserve, which serves as a buffer against unexpected losses and a means to avoid large premium adjustments.

At the end of 1999 the Claims Fund stood at \$4.0 billion. Approximately 95 per cent of that amount is set aside for injury claims, which generally take one to five years to be settled.

Financial Highlights and Performance Report

INVESTMENT INCOME

	\$ MILLIONS	
	1999	1998
Money Market	34	19
Bonds	254	274
Common Shares	8	5
Real estate and other	(3)	2
	293	300
Gain (loss) on sale of investments		
Common shares - realized	40	(1)
Bonds - amortized	118	113
Total Investment Income	449	412

The remaining five per cent of the fund is earmarked for property damage claims, which usually are settled within a year. At the same time, our net income for 1999 has allowed us to add to the Rate Stabilization Reserve.

ICBC's investment portfolio was established to ensure that funds will be available to cover unpaid claims and unearned premiums, and to help maintain the Rate Stabilization Reserve.

At year-end the portfolio totalled \$5.6 billion, approximately the same as at the end of 1998, the bulk of it consisting of bonds and money market certificates. These investments produced income of \$449.2 million - a rate of return of eight per cent - saving each policyholder an average of \$175.

A small shift in the portfolio from fixed income to equity investments has significantly increased investment income over 1998.

The corporation is committed to maintaining affordable insurance premiums. In order to do so, we need to control our costs and look for every opportunity to improve the efficiency of our operations.

While we must strive to keep costs down, we know we must not sacrifice service levels. We must also maintain our road safety programs which include graduated licensing and road improvements. Additional administrative expenses in 1999 included the costs of our Year 2000 compliance program. These efforts ensured a seamless transition into the year 2000 for our customers.

Overall, we are pleased with the results for 1999. Although the number of claims has increased, the costs associated with them are down. The improvements we are making in our claims handling practices appear to be working, however, there is still more to be done to ensure that the number of claims can resume a downward direction. The increased number of claims is a significant concern.

If this trend continues, the cost to the corporation could be significant. Driving safely is the only way to manage the cost of claims and to allow ICBC to continue to provide affordable auto insurance to all British Columbians.

INVESTMENTS

	1999				1998			
	COST \$ MILLIONS	FAIR VALUE \$ MILLIONS	AVERAGE YIELD %	DURATION (YEARS)*	COST \$ MILLIONS	FAIR VALUE \$ MILLIONS	AVERAGE YIELD %	DURATION (YEARS)*
Debt securities								
Money market	1,028	1,028	5.2	0.1	286	286	5.2	0.2
Bonds								
Federal	1,169	1,128	5.8	7.1	2,345	2,418	5.5	6.0
Provincial	1,107	1,073	6.2	7.0	1,194	1,240	5.9	6.9
Municipal	438	433	6.8	6.7	404	433	6.9	5.9
Corporate	1,135	1,108	6.2	3.9	807	820	5.9	4.0
Mortgage backed	202	198	5.9	2.3	158	159	5.5	3.0
	5,079	4,968	5.7	4.7	5,194	5,356	5.7	5.5
Common shares	482	777	1.7	—	417	534	1.6	—
Real estate	45	45	1.2	—	12	11	0.2	—
	5,606	5,790	—	—	5,623	5,901	—	—

* Duration is the time-weighted average of the present value of all interest and principal payments expressed in years.

Duration is used as a measure of risk or sensitivity to interest rate movements.

Auditors' Report

The Honourable Dale Lovick
Minister of Aboriginal Affairs
Province of British Columbia

We have audited the statements of financial position of the Insurance Corporation of British Columbia as at December 31, 1999 and 1998 and the statements of operations and retained earnings and cash flow for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 1999 and 1998 and the results of its operations and cash flow for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

VANCOUVER, BRITISH COLUMBIA
FEBRUARY 4, 2000

Statements of Operations and Retained Earnings

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

(\$ Thousands)	1999	1998
Revenue		
Vehicle premiums written	\$ 2,362,034	\$ 2,377,241
Driver premiums written	21,559	20,461
Premiums Written	\$ 2,383,593	\$ 2,397,702
Vehicle premiums earned	\$ 2,363,669	\$ 2,350,703
Driver premiums earned	22,007	18,226
Premiums earned	2,385,676	2,368,929
Licences and fines collected on behalf of the Province (note 9)	423,348	435,558
Gross revenue	2,809,024	2,804,487
Payment of provincial licences and fines to the Province (note 9)	(423,348)	(394,590)
Net revenue	2,385,676	2,409,897
Claims and related costs		
Claims incurred	2,080,270	2,134,604
Prior years' claims development	(238,200)	(219,456)
	1,842,070	1,915,148
Claims services (note 7)	275,193	248,792
	2,117,263	2,163,940
Expenses (note 7)		
Administrative	154,086	123,411
Autoplan services	39,468	27,535
Commercial vehicle services	27,094	20,373
Commissions	172,966	181,889
Driver services	41,634	37,490
Premium taxes	99,526	100,708
Road Safety services	59,057	38,887
Year 2000 compliance and related costs (note 12)	28,047	7,435
	621,878	537,728
Total claims and expenses	2,739,141	2,701,668
	(353,465)	(291,771)
Investment Income	449,188	412,236
Income before Road Safety Dividend	95,723	120,465
Road safety dividend (note 3)	—	47,000
Net income for the year	\$ 95,723	\$ 73,465
Retained earnings		
Rate stabilization reserve, beginning of year	285,278	211,813
Rate stabilization reserve, end of year	\$ 381,001	\$ 285,278

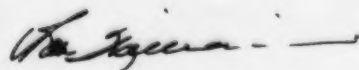
Statements of Financial Position

AS AT DECEMBER 31, 1999 AND 1998

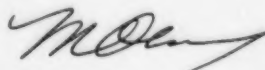
(\$ Thousands)	1999	1998
Assets		
Cash in hands of agents	\$ 3,376	\$ 10,800
Investments (note 4)	5,606,029	5,623,297
Accrued interest receivable	66,801	74,179
Premiums and other receivables	54,602	64,666
Deferred premium acquisition costs	73,332	83,326
Property and equipment (note 5)	141,470	128,123
	<u>\$ 5,945,610</u>	<u>\$ 5,984,391</u>
Liabilities and retained earnings		
Cheques outstanding	\$ 65,442	\$ 26,766
Accounts payable and accrued charges	171,039	153,092
Road safety dividend payable (note 3)	—	47,000
Post-retirement benefits (note 11)	35,169	23,351
Premiums and fees in advance	26,768	27,410
Deferred investment gains and losses (note 6)	195,718	360,107
Unearned premiums	1,100,175	1,102,258
Unpaid claims	3,970,296	3,959,129
	<u>5,564,609</u>	<u>5,699,113</u>
Retained earnings		
Rate stabilization reserve (note 10)	381,001	285,278
	<u>\$ 5,945,610</u>	<u>\$ 5,984,391</u>

Contingent Liabilities and Commitments (note 13)

Approved by the Board



Robert Williams
Chair of ICBC's Board of Directors



Miriam Olney
Director

Statements of Cash Flow

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

(\$ Thousands)

1999

1998

Cash flows from operating activities

Cash received from:

Agents for vehicle premiums, licence fees and social service taxes	\$ 2,870,074	\$ 2,908,122
Collection for driver penalty point premiums, subrogation and other receivables	193,011	113,765
Salvage sales	43,811	36,430
Province of BC for recovery of licensing expenses	—	42,333
Interest	349,542	358,160
Capital gains (losses) realized	(81,001)	66,266
Dividends and other investment income received	4,594	7,017

Cash paid to:

Claimants or third parties on behalf of claimants	(1,949,066)	(1,819,595)
Province of BC for licence fees and social service taxes collected	(356,527)	(353,718)
Suppliers of goods and services	(307,972)	(240,111)
Employees for salaries and benefits	(327,027)	(293,677)
Agents for commissions	(163,036)	(169,272)
Policyholders for premium refunds	(174,049)	(169,362)
Policyholders for road safety dividend (note 3)	(49,157)	—
Province of BC for premium taxes	(93,906)	(96,207)
All others	2,019	(4,877)

Cash flows from operating activities

\$ (38,690) \$ 385,274

Cash flows used in investing activities

Change in net investments	36,310	(352,638)
Cash payments to vendors of land, buildings and equipment	(44,705)	(25,087)
Proceeds from sales of land, buildings and equipment	985	93

Cash flows used in investing activities

\$ (7,410) \$ (377,632)

Increase (decrease) in cash and cash equivalents during the year

(48,100) 7,642

Cash and cash equivalents, beginning of year

(15,966) (23,608)

Cash and cash equivalents, end of year

\$ (62,066) \$ (15,966)

Represented by:

Cash in hands of agents	3,376	10,800
Cheques outstanding	(65,442)	(26,766)
	\$ (62,066)	\$ (15,966)

Notes to Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

1. Purpose

The Insurance Corporation of British Columbia (the Corporation) is a Crown Corporation incorporated in 1973 under the Insurance Corporation Act, R.S.B.C. 1979 Chapter 201. The Corporation operates and administers a plan of automobile insurance as established under the Insurance (Motor Vehicle) Act and, as required by legislation, reports the revenues and expenses attributable to that plan separately from other operations of the Corporation, if any.

The Corporation provides mandatory basic insurance coverage to all licensed vehicle owners in BC which includes \$200,000 third party legal liability protection, accident benefits to help with the immediate and long-term needs of crash victims and under-insured motorists protection. The Corporation also offers extended third party legal liability and other optional insurance coverage in a competitive environment. The Corporation's products are marketed through more than 900 independent agents located throughout the province. The Corporation also has the power and capacity to act as an insurer and reinsurer in all classes of insurance but is not presently engaged in any such activities.

Under the Insurance Corporation and Motor Vehicle Acts, the Corporation is also responsible for vehicle licensing, registration and issuance of driver licences, vehicle standards and inspections, commercial transport regulation, weigh scale operations and enforcement of vehicle weights and dimensions, motor carrier licensing support, road inspections and enforcement and compliance audits.

2. Summary of Significant Accounting Policies

Basis of Reporting

The financial statements of the Corporation, as required by the Insurance Corporation Act, are prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies adopted are noted below.

Investments and Investment Income

Bonds are valued at amortized cost with any premium or discount on purchase being deferred and amortized over the average term to maturity. Money market securities and equities are valued at cost. Income on interest-bearing securities is accrued daily. If the value of any interest-bearing security were to be identified as impaired, the carried amounts would be adjusted to the estimated realizable amount and the adjustment would be included in investment income. Real estate held for investment consists of income-producing properties that are recorded at net book value. Dividends on equity investments are recognized as income on their payment dates. Provision would be made for reduction in value of real estate and equity investments should they be considered to be other than temporary, and such amounts would be applied against investment income.

Capital gains and losses realized on bond sales are deferred and amortized over the average term to maturity or 60 months, whichever is less. Capital gains and losses on money market securities and equity investments are included in income in the period realized.

The Corporation also participates in a securities lending program managed by a federally regulated financial institution whereby it lends securities it owns to other financial institutions to allow them to meet delivery commitments. The Corporation receives securities of equal or superior credit quality as collateral for securities loaned and records commissions on transactions as earned.

Post-Retirement Benefits

The Corporation pays Medical Services Plan and life insurance premiums and extended health care and dental costs for its retirees, with certain limitations. The benefits provided to bargaining unit employees and management may differ.

The expected costs of future benefits are accounted for on an accrual basis over the years the employee renders service.

Notes to Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation and amortization. Software development costs for major infrastructure projects expected to be of continuing benefit to the Corporation, which comprise labour and material costs for design, construction, testing, implementing and other related costs, are capitalized. Other development costs (including certain preliminary research, design and development expenses relating to leading edge information technology projects, where the potential future benefits are uncertain or not quantifiable and expenses related to reengineering efforts) are expensed as incurred.

Depreciation is provided on a straight-line basis at the following rates: buildings 5–10 per cent, furniture and equipment 10–33 per cent and software development 10–20 per cent. Leasehold improvements are amortized over the term of each lease.

Unearned Premiums

The Corporation earns vehicle and driver premiums evenly over the term of each vehicle policy or driver's penalty point premium. Unearned premiums is that portion of premiums that relates to the unexpired term.

Deferred Premium Acquisition Costs

Deferred premium acquisition costs, represented by commissions and premium tax expenses, relate directly to the writing of policies and are deferred and amortized to income, to the extent recoverable, over the term of the policies.

Unpaid Claims

The provision for unpaid claims is carried on an undiscounted basis and includes an estimate for reported and unpaid claims and expenses, based on the claim settlement experience of the Corporation, current trends and a detailed regular review and update. Also included is an estimate for claims incurred but not reported in the year.

The provision for unpaid claims and adjustment expenses are estimates subject to variability, and the variability could be material in the near term. All changes in estimates are recorded as incurred claims in the current period. Methods of estimation have been used which the Corporation believes produce reasonable results given current information.

The estimation of claims development involves assessing the future behaviour of claims taking into consideration the consistency of the Corporation's claim handling procedures, the amount of information available and historical delays in reporting claims. In general, the longer the term required for the settlement of a group of claims, the more variable the estimates become. Short settlement term claims are those which are expected to be substantially paid within a year of being reported.

The ultimate cost of long settlement automobile liability claims is difficult to predict for several reasons, including claims not being reported until many years after a policy expires, or changes in the legal environment. Provisions for such difficult-to-estimate liabilities are established by examining the facts of tendered claims and are adjusted in the aggregate for ultimate loss expectations based upon historical experience patterns, current socioeconomic trends and structured settlements provided in the form of consistent periodic payments as opposed to lump sums (see note 13).

In common with the insurance industry in general, the Corporation is subject to litigation arising in the normal course of conducting its insurance business which is taken into account in establishing the provision for unpaid claims and adjustment expenses.

The Corporation has disclosed its unpaid claims on an undiscounted basis.

Notes to Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The more subjective of such estimates are unpaid claims, provisions for doubtful accounts and deferred premium acquisition costs. Management believes its estimates to be appropriate; however, actual results may be significantly different from these estimates and would be reflected in applicable future periods.

3. Road Safety Dividend

By a special board resolution, the Corporation paid its individually rated vehicle and motorcycle customers who qualified for a 40 per cent claims-rated scale discount, a share of its 1998 income as a Road Safety Dividend. This dividend, totalling \$49.2 million, was applied to reduce the amounts otherwise owing with respect to the cost of basic and optional insurance coverage at the time of the 1999 renewal.

4. Investments

(\$ Thousands)	1999		1998	
	Cost	Fair Value	Cost	Fair Value
Money market securities (note 13c)	\$ 1,027,570	\$ 1,027,570	\$ 285,655	\$ 285,655
Bonds	4,051,703	3,939,379	4,908,709	5,069,289
Equities and other	526,756	822,700	428,933	544,898
	<u>\$ 5,606,029</u>	<u>\$ 5,789,649</u>	<u>\$ 5,623,297</u>	<u>\$ 5,899,842</u>

The estimated fair value of money market securities is cost. The estimated fair value for equities and bonds is quoted market values. The estimated fair value of real estate is based on the most recent BC Assessment Authority values, less anticipated transaction costs.

5. Property and Equipment

(\$ Thousands)	1999		1998	
	Cost	Net Book Value	Cost	Net Book Value
Land	\$ 27,329	\$ 27,329	\$ 26,222	\$ 26,222
Buildings	150,101	56,657	143,672	56,164
Furniture and equipment	119,187	42,880	89,408	24,713
Software development	15,529	10,629	21,403	18,378
Leasehold improvements	7,529	3,975	5,459	2,646
	<u>\$ 319,675</u>	<u>\$ 141,470</u>	<u>\$ 286,164</u>	<u>\$ 128,123</u>

Depreciation expense for the year ended December 31, 1999 amounted to \$27.9 million (1998 - \$19.0 million).

Notes to Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

6. Deferred Investment Gains and Losses

(\$ Thousands)	1999	1998
Net balance deferred – beginning of year	\$ 360,107	\$ 359,980
Net realized gain (loss) during year	(48,096)	113,159
Amount included in investment income	(116,293)	(113,032)
Net balance deferred – end of year	<u>\$ 195,718</u>	<u>\$ 360,107</u>

7. Traffic Safety and Loss Mitigation Programs

At a corporate level, expenses on the Statements of Operations are grouped by line of business. The Corporation's expenditures and investments in support of the development and operation of traffic safety and loss mitigation programs, which have resulted in savings and net benefits to the Corporation brought on by claims and cost reductions, are carried out in each line of business area. The amount of spending on traffic safety and loss mitigation programs that is included in Claims Services and Expenses is as follows:

(\$ Thousands)	1999	1998
a) Commercial Vehicle Services	\$ 27,094	\$ 20,373
This pertains to commercial vehicle compliance enforcement. It includes the operation of a network of province-wide compliance centres and the establishment and monitoring of safety standards such as the National Safety Code. Compliance operations are undertaken as part of the Corporation's overall focus on driver, vehicle and road safety.		
b) Traffic Safety Management	49,093	33,955
This includes all funding and expenses paid by the Corporation related to various engineering and enforcement programs designed to prevent crashes and injuries on BC roads. These programs include Speed Enforcement, Impaired Driving, Photo Radar, Intersection Safety Cameras and Road Improvements.		
c) Fraud and Claims Reduction Management	20,763	11,314
This includes all funding and expenses related to programs aimed at the reduction of claims costs through injury mitigation and management, and the detection and elimination of fraud.		
d) Educational Programs	32,282	29,242
This includes all funding and expenses related to educational, research and advertising programs such as Graduated Licensing, Automated Driver Knowledge Testing and Crash Crime Contravention.		
	<u>\$ 129,232</u>	<u>\$ 94,884</u>

Notes to Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

8. Reinsurance

Starting in 1998, the Corporation obtained casualty and catastrophe reinsurance to protect against significant losses as follows:

- a) Up to \$100 million in excess of \$25 million annually for catastrophic occurrences;
- b) Up to \$75 million in excess of \$72 million annually for aggregate pool coverage comprised of the excess over \$1 million on individual loss occurrences, subject to limits in c); and
- c) Up to \$12 million in excess of \$3.5 million for individual loss occurrences.

These reinsurance arrangements do not discharge the Corporation's obligation as primary insurer. From January 1993 to November 1998, the Corporation did not reinsure the policies it underwrote as primary insurer. To date, the Corporation has not made any claims against this policy but continues to monitor the development of large claims.

9. Related Party Transactions

The Corporation acts as agent for the Ministry of Finance and Corporate Relations regarding the collection of social service taxes on privately sold used vehicles and motor vehicle related debts. The Corporation is also the sole provider of compulsory automobile insurance in British Columbia and, therefore, insures at market rates an indeterminate number of vehicles owned or leased by the government of the province and its controlled entities. As a consequence of these relationships, the Corporation has at any time amounts owing to or from various government departments or ministries in the ordinary course of business.

The Corporation is also responsible for collecting all vehicle-related revenue for acquiring and distributing licence plates and decals, including permit and other fees under the Motor Vehicle Act and fines under the Offense Act. Revenues from the sale of licences and permits are recorded as they are received and revenues from fines are recognized on an accrual basis. Funds are remitted to the Province of British Columbia as they are received. Until October 21, 1998, the Corporation recovered certain costs relating to the issuance of licence plates, decals and associated operating expenses and retained this recovery from the funds collected. There has been no recovery included in gross revenue in the current year (1998 - \$41.0 million). The costs associated with the licence and compliance activities are included in the statements of operations as expenses.

10. Rate Stabilization Reserve

The Rate Stabilization Reserve is intended to protect motorists from significant rate increases made necessary by abnormally high losses arising from unusual events or factors.

Notes to Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

11. Pension Plans and Post-Retirement Benefits

The Corporation maintains contributory, defined benefit pension plans (the "Plans") that provide retirement benefits for regular employees, other than the employees of the former Motor Vehicle Branch, based on their length of service and highest years' average earnings. The Plans are funded through trust funds held by a corporate trustee separately from all other assets of the Corporation. The employees transferred to the Corporation from the former Motor Vehicle Branch continue to belong to the BC Public Service Pension Fund covered under the BC Superannuation Commission.

The present value of the accrued pension benefits and the net assets at fair value available to provide benefits for the Plans are as follows:

(\$ Thousands)	1999	1998
Present value of accrued pension benefits	\$ 389,300	\$ 338,000
Trust fund assets at smoothed value	\$ 489,700	\$ 406,300
Trust fund assets at fair value	\$ 486,600	\$ 423,800

The value of the accrued pension benefits as at December 31, 1999 is based on an actuarial projection from the value determined as at December 31, 1998. This projection was based on an actuarial valuation that took into account projected employee compensation levels at the time of retirement, the rate of inflation and the rate of return on the funds' assets. The December 31, 1998 amounts have been restated to reflect the actuarial valuation received subsequent to that date. These values reflect management's best estimates of future economic circumstances.

The fund assets consist principally of Canadian equities and government and corporate debt instruments. Trust fund assets at smoothed value is an adjusted market value in which certain investment gains and losses are spread over a four-year period to smooth short-term market fluctuations. The Corporation contributed \$15.7 million (1998 - \$13.8 million) to the Plans.

The Corporation's pension and post-retirement benefit obligations have been determined using a discount rate of 7.0 per cent. The assumed rate of future increases is 4.0 per cent plus merit and promotion. The assumed rate of inflation is 3.0 per cent, affecting pensions, dental and medical services plan costs.

12. Uncertainty due to the 2000 issue

The Year 2000 issue arose because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to be certain that all aspects of the Year 2000 issue affecting the Corporation, including those related to customers, suppliers, or other third parties, have been fully resolved.

Notes to Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

13. Contingent Liabilities

a) The Corporation periodically settles more serious injury claims through the use of structured settlements, requiring the Corporation to provide the claimant with periodic payments, usually for a lifetime. The Corporation purchases an annuity from an approved life insurance company to make these payments. At present, four federally licensed life insurance companies are approved for use by the Corporation. The list of approved insurance companies is determined by ongoing analysis of total assets, credit rating reports and past service history. The gross amount of these structured settlements at December 31, 1999 is approximately \$460 million (1998 - \$400 million). In the event the life insurance company fails in this obligation, the Corporation remains responsible to continue the payments. To date, the Corporation has not experienced any losses resulting from these arrangements.

b) In the normal course of business, the Corporation has entered into significant finance contracts under its Autoplan12 Program whereby policyholders finance their Autoplan premiums. In this respect, the Corporation has provided guarantees to the financial institution for the total amount outstanding at any time. During 1999, the total amount financed was approximately \$1.0 billion (1998 - \$1.0 billion). The Corporation recorded an estimated loss of \$6.7 million in 1999 (1998 - \$4.6 million) for premiums financed under the Autoplan12 program during the year.

c) During the year, the Corporation began investing in the Canadian Repo Market by entering into sell/buyback transactions whereby Government of Canada bonds are sold and simultaneously repurchased at a future date with the market repo rate determining the forward contract price. The amount of bonds pledged as collateral as a result of these transactions at the year end was \$610 million.

d) The Corporation has entered into operating leases of certain rental properties for varying terms. The annual rental payments pursuant to these leases over the next five years are as follows:

(\$ Thousands)

2000	\$ 6,643
2001	3,250
2002	2,346
2003	1,030
2004	78
	<u>\$ 13,347</u>

14. Comparative Figures

Certain comparative figures in the statements of operations and statements of cash flow have been reclassified to conform to current year's presentation.

Management's Responsibility For Financial Statements

Scope of Responsibility

Management prepares the accompanying financial statements and related information and is responsible for their integrity and objectivity. The statements were prepared in conformity with generally accepted accounting principles. These financial statements include amounts that are based on management's estimates and judgments, particularly our reserves for losses and loss adjustment expenses. We believe that these statements present fairly the Corporation's financial position and results of operations and that the other information contained in the annual report is consistent with the financial statements.

Internal Controls

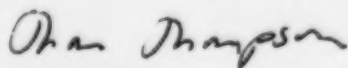
We maintain and rely on a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized and recorded. We continually monitor these internal accounting controls, modifying and improving them as business conditions and operations change. Our internal audit department also independently reviews and evaluates these controls. We recognize the inherent limitations in all control systems and believe that our systems provide an appropriate balance between costs and benefits desired. We believe our systems of internal accounting controls provide reasonable assurance that errors or irregularities that would be material to the financial statements are prevented or detected in the normal course of business.

Independent Auditors

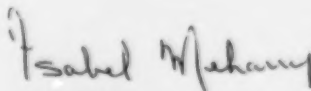
Our independent auditors, PricewaterhouseCoopers LLP, have audited the financial statements. Their audit was conducted in accordance with generally accepted auditing standards, which includes the consideration of our internal controls to the extent necessary to form an independent opinion on the financial statements prepared by management.

Audit Committee

The Audit Committee, composed of members of the board of directors of the Insurance Corporation of British Columbia, oversees management's discharge of its financial reporting responsibilities. The committee meets periodically with management, our internal auditors and representatives of our external auditors to discuss auditing, financial reporting and internal control matters. Both internal and external auditors have access to the Audit Committee without management's presence.



Thom Thompson
PRESIDENT & CEO



Isabel Meharry
SENIOR VICE-PRESIDENT, FINANCE & ADMINISTRATION
AND CHIEF FINANCIAL OFFICER

Role of ICBC's Board of Directors

Since its inception, the Insurance Corporation of BC has been responsible for providing Autoplan insurance to all BC motorists. Our role has expanded since that time to encompass a wide range of road safety activities and public education. Guiding us in our role is a 14 member Board of Directors, appointed by the Lieutenant Governor in Council. The Board's 14 members include the government minister responsible for ICBC, the Corporation's president and CEO and 12 members at large from across the province. Each Board member is appointed for a three year term.

The individual members of ICBC's Board of Directors bring to their position a singular wealth of knowledge and experience as well as a steadfast dedication to public auto insurance. ICBC Board members represent the people of this province; their role is to ensure that ICBC provides a continuing and lasting benefit to all British Columbians.

ICBC's Board of Directors sets the policy, direction and goals of the Corporation. While the Board leaves the day-to-day management of ICBC's affairs to the Corporation's officers, Board members meet approximately 10 times a year to discuss, set and monitor the Corporation's progress towards those goals.

Ultimately, the Board is responsible for the financial health and operating results of ICBC. The Board is instrumental in determining and recommending Autoplan insurance premiums and approving all budgets and financial objectives of ICBC. Members of the Board of Directors may have interests or expertise in specific areas of the Corporation. By serving on one or more of seven standing committees, Board members can concentrate on relevant issues related to these key areas of ICBC's operations. These committees are: Executive Committee, Audit Committee, Compensation Committee, Governance Committee, Investment Committee, Pension Committee, Planning and Finance Committee, Product Committee, and Road Safety Committee.

Board of Directors



Dale Lovick
Minister of
Aboriginal Affairs



Robert Williams
Board Chair



Thom Thompson
President and CEO



Diane Cabott
Manager Director
Life & General Insurance



Herschel Hardin
Author and Analyst



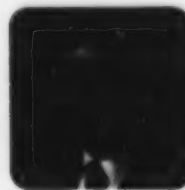
Gerard Janssen
Government Whip



John Mika
Former Journalist



Miriam Olney
Former Chair



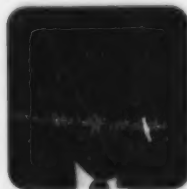
Andrew Saxton
Corporate Director



Rosalie Tung, M.B.
Business Professor



Vasso Vahias
Career Counsellor



Dean Washington
Publisher



Gordon Westrend
Longshoreman

Missing from photos:
Carole Corcoran, Lawyer

Management Committee



Thom Thompson
President and CEO



Neil Weatherston
Executive
Vice-President



Isabel Mohrery
Senior Vice-President,
Finance & Administration
and Chief Financial Officer



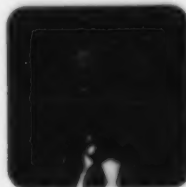
Bill Goble
Senior Vice-President,
Operations



Darlene Hyde
Senior Vice-President,
Public Affairs
and Corporate Marketing



Linda Robertson
Senior Vice-President,
Human Resources
and Corporate Law



Greg Basham
Vice-President, Government
and Corporate Relations



Terry Condon
Vice-President,
Southern Interior



Claire Carr
Corporate Secretary

Claire will be retiring from the Corporation on February 28, 2000 after 26 years of service. She was hired by our first General Manager-CEO, Norm Bortnick, in 1974. She has worked with every Board in ICBC's history. The Directors and Management wish to acknowledge her dedicated service which includes attending every Board meeting since 1977! We wish Claire and her partner the very best in their new retirement home in Penticton.



Increasing revenue, reducing costs and enhancing customer satisfaction levels became the shared priorities for ICBC's six Regional Vice-Presidents in 1999. From left are: **Lidi Heller** (Greater Vancouver East), **Gord Parsons** (Fraser Valley), **Terry Candon** (Southern Interior), **Kelth Stewart** (Vancouver Island), **John Hancock** (Greater Vancouver West), and **Dale Burnstead** (North/Central).

thinking regionally

Board of Directors and Management Committee

Greg Basham

Vice-President, Government & Corporate Relations; MBA from Simon Fraser University; prior experience in social planning, policing and in the forest industry; joined ICBC in 1977 in the human resource department; since 1992, focus has been on strategic planning and policy, and customer affairs and audit.

Diana Cabott AIC, CIB (Board)

BC born and educated; Manager Director, Life and General, Whillies Harding Insurance Agencies Ltd., in the Okanagan. Diana has been involved in insurance and real estate community for 20 years; an associate of the Insurance Institute of British Columbia.

Claire Carr

Corporate Secretary since September 1996; trained in Business Management at UBC, worked in the forest industry before joining ICBC in 1974; has worked with every Board in ICBC's history.

Terry Condon

Vice-President, Southern Interior; had extensive experience in the insurance industry in Britain and Canada before joining ICBC in 1978 as Chief Underwriter; has also managed claim centres.

Carole Corcoran (Board)

Founding member and partner of Fast & Corcoran, a law firm specializing in treaty and aboriginal rights; UBC-educated; has served on treaty and land claims commissions both federally and provincially, with expertise in taxation governance and resource negotiations.

Bill Gohie

Senior Vice-President Operations; has worked in the BC insurance industry since 1967; joined ICBC in March 1974 and as a young adjuster took one of its first-ever claims; has managed five claim centres.

Hershel Hardin (Board)

Author, analyst and expert in public enterprise matters; Alberta-born, earned BA at Queens University, Kingston, Ontario; former broadcaster and editorial-page columnist, also known for his writing on economic history, business and finance generally.

Darlene Hyde

Senior Vice-President, Public Affairs & Corporate Marketing; graduate of McGill; holds MBA; extensive senior marketing and communications experience in both private and public sectors across Canada; joined ICBC in 1994.

Gerard Janssen (Board)

Government Whip, MLA for Alberni since 1988, avid motorcyclist; former president Port Alberni Chamber of Commerce. He is a jeweller and watchmaker by profession.

Dale Lovick (Board)

Minister of Aboriginal Affairs and minister responsible for ICBC; has been MLA for Nanaimo since 1986; holds Master's degrees in English from UBC and in Canadian Studies from Carleton University; prior to his election to the legislature he was head of English department at Malaspina College, Nanaimo.

Isabel Meharry

Senior Vice-President, Finance and Administration and Chief Financial Officer; holds CA and MBA; various private sector senior financial management positions in Ontario before joining ICBC in 1996.

John Mita (Board)

Worked 19 years as a journalist, then in 1973, as executive assistant to then-highways minister Robert Strachan, helped draft the legislation that created ICBC; later was an assistant to former Premier Dave Barrett; served on Saanich municipal council 1977-1996; appointed to ICBC Board in 1992, he has chaired variously its Finance and Planning, Investment and Governance Committees.

Miriam Olney (Board)

Served as Chair of ICBC board of directors 1993-1998; UBC-educated; recently retired as head of pensions and benefits department of United Food and Commercial Workers Union, Local 1518; was executive council member of BC Federation of Labour for 14 years.

Linda Robertson

Senior Vice-President, Human Resources & Corporate Law; Master's Degree in Law from London School of Economics; lawyer by profession, has been with ICBC for 14 years.

Andrew Saxton (Board)

Deputy Chairman, Allied Hotel Properties; Chairman, King George Financial Corporation; former President, Elite Insurance Company and Chairman, Grouse Mountain Resorts; a co-founder of BCTV and of Lauretude Financial Corporation; has held numerous other directorships in corporate and community organizations.

Thom Thompson (Board)

President & CEO since October 1995; MA from Simon Fraser University; started his career in insurance, then worked nearly 20 years at BC Hydro, most recently as Senior Vice-President.

Rosalie Tung, Ph.D. (Board)

Professor of International Business at Simon Fraser University; holds the Ming and Stella Wong Chaired Professorship; earned Ph.D. in Business Administration from UBC in 1977; elected as a Fellow of the Royal Society of Canada and a Fellow of the Academy of Management; author of 10 books; has served on the faculty or as visiting professor at several major universities including Harvard.

Vasso Vahlas (Board)

Career counsellor residing in Prince George; currently BC rep of the Canadian Research Institute for the Advancement of Women, and a member of the executive of the National Women's Reference Group on Labour Force and Training Issues.

Dean Washington (Board)

President and majority shareholder of 21st Century Sports Inc., publishers of *Sports View*, *Golfer* and *Ice Time* magazines and also producers of radio talk show *Sports Zone*. Dean is also the co-publisher of the weekly national paper *Winner's Edge*.

Neil Weatherston

Executive Vice-President; born and educated in England; worked in product research, software design and computer operations before joining ICBC in 1977; long service in claims management.

Gordon Westrand (Board)

Former Vice-President of the BC Federation of Labour and Canadian President of the Longshoremen's Union (ILWU); has served on several transportation industry bodies; former Chair of Coquitlam School Board.

Robert Williams (Board)

Appointed Chair of ICBC's Board of Directors in July 1998; educated at UBC, has a Master's degree in community and regional planning; currently also chair of VanCity Capital Corporation; has served as a Vancouver City alderman, MLA for Vancouver East, and provincial cabinet minister.

Corporate Directory

Fraser Valley

Claims Centres

Abbotsford

Chilliwack

Langley

Surrey (3)

Driver Services Centres

Abbotsford

Langley

Mission

Surrey

Fixed Weigh Scales

Hope (3)

Noriel Way

Pacific (Surrey)

Potlatch Bridge

Port Mann (2)

Greater Vancouver East

Claims Centres

Burnaby (2)

Coquitlam

Maple Ridge

New Westminster

Richmond (2)

Driver Services Centres

Burnaby (2)

Coquitlam (2)

Richmond

Fixed Weigh Scales

Deas Island

Greater Vancouver West

Claims Centres

North Vancouver (2)

Squamish

Vancouver (5)

Driver Services Centres

North Vancouver

Vancouver (3)

Vancouver Island

Claims Centres

Campbell River

Courtenay

Duncan

Nanaimo

Port Alberni

Powell River

Victoria (2)

Driver Services Centres

Nanaimo

Victoria (2)

Fixed Weigh Scales

Duncan (2)

Parksville

Saanich

Southern Interior Region

Claims Centres

Cranbrook

Kamloops

Kelowna

Nelson

Penticton

Salmon Arm

Trail

Vernon

Driver Services Centres

Kamloops

Kelowna (2)

Fixed Weigh Scales

Castlegar

Golden

Kaleden

Kamloops (2)

Kelowna

Sparwood

Vernon

Yahk

North Central Region

Claims Centres

100 Mile House

Dawson Creek

Fort St. John

Prince George

Rooseau

Quesnel

Smithers

Terrace

Williams Lake

Driver Services Centres

Prince George

Fixed Weigh Scales

Cherwynd

Dawson Creek

Fort Nelson

Fort St. John

Prince George

Prince George (2)

Quesnel

Terrace

Ten Mile Cache

Vanderhoof

Williams Lake

Executive Office

Suite 2600

200 Granville Street

Granville Square

Vancouver, BC

V6C 1S4

Administrative Office

151 West Esplanade

North Vancouver, BC

V7M 3H9

Auditors

PricewaterhouseCoopers LLP

Vancouver, BC

Banks

Royal Bank of Canada